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Market Development Reports

Food Business Line

Periodic Press Translations from ATO Tokyo

2004

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Report Highlights:

From America's largest overseas food and agricultural export market as translated from Japan's mass media and food industry news. This issue includes: *Costco Wholesale Japan* plans to open an outlet in the bay area of Yokohama this fall; The inclusion of *Mycal* in *Aeon's* consolidated financial statement is paying off; Pork bowl price wars among Japan's leading *gyudon* beef bowl chains; A new restaurant in Shinagawa's new *Atre*, follows the New York City theme of the other restaurants; *Rohto Pharmaceutical's* introduction into the functional foods market; Wholesale rice prices are declining and; *NAFST* is expected to join the U.S. Pavilion at Foodex Japan, 2004.

Includes PSD Changes: No
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Food Business Line

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Retail/Wholesale

- *Costco Wholesale Japan* plans to open an outlet in the bay area of Yokohama this fall. There are already other large-scale general merchandise retailers there such as *Aeon*, and so consumers may benefit from the expected increase in competition. (a 3/9)
- *Aeon* expects results will show its net profit increased by 11% during the fiscal year 2003 ending February 29, exceeding its earlier projection. Strong performance at its credit card subsidiary and other units more than offset disappointing results from its general merchandise and supermarket outlets. The inclusion of *Mycal* into its consolidated financial statement also helped *Aeon* achieve its second consecutive year of record profit. (a 3/12)

Food Service

- Four major *gyudon* beef bowl chain operators reported their February sales. *Zensho*, an operator of “*Sukiya*” *gyudon* chain, increased sales by 11.4% on a same-store basis due to its new discounted pork bowl menu. *Matsuya Foods* also reported an increase of 1.9% while both *Nakau* and *Yoshinoya D&C* suffered declines of 3.5% and 20.9% respectively. (b 3/9)
- *Yoshinoya D&C* plans to lower the price of its newly introduced pork bowl menu item from 320 yen to 250 yen. Competitors such as *Matsuya Foods*, are also preparing to discount their pork bowl menu items. So it appears the price competition among the quick service food service chains has begun. (a 3/9)
- A new restaurant called *Transfer Café* opened in the newly developed “Atré” commercial space inside Shinagawa station, one of Tokyo’s newest shinkansen (bullet train) stations. Keeping in step with the New York City theme of the Atré, the new restaurant’s décor features a combined New York airport and New York subway train station motif. The Atré also has the first overseas location of New York City’s Grand Central Oyster Bar and Grill. (b 3/11)

Food Processing/New Products/Market Trends

- *McDonald’s Japan* announced that it plans to start selling a new fried fish product called “Fish Mac Dipper” starting from March 8. It is a product especially developed for the Asian market two years ago, and *McDonald’s* expects that it will help recover its sales in Japan. (b 3/4)
- Currently, wholesale rice prices are declining sharply, with premium brands trading approximately 20% lower than the levels seen last fall. The dampened demand and excess wholesale inventories are expected to push retail rice prices down even further. The nation’s poor harvest last fall initially caused rice prices to soar. (a 3/9)
- *Rohto Pharmaceutical* plans to start a new business developing products for the functional foods market. *Rohto* plans to introduce a new healthy beverage in mid-March that restrains both neutral fat and blood sugar. (a 3/9)

Food Safety/Consumer Awareness

- The *Japan Food Service Association (JF)* has begun efforts to implement trace-ability in food service. It is only at a testing stage in some of its member outlets. The trace-ability concept is being implemented in a variety of ways for the benefit of the restaurant staff or customers. Internet homepages, P.O.P. materials and product sourcing information placed on menus are among the variety of ways it is being done. *JF* expects to introduce it to more food service outlets in the future. (b 3/9)
- *Save On*, a mid-sized convenience store operator, plans to start selling *gyudon* beef bowl on March 16 using domestic beef. *Save On* initially switched to Australian beef after the ban on beef imports from the U.S., but more recently decided to change to domestic beef thinking that consumer confidence toward domestic beef has improved. *Save on* operates about 550 stores mostly in northern Kanto region such as in Gunma prefecture. (a 3/12)

ATO/Cooperator/Competitor Activities/Trade Shows

- Foodex Japan 2004 will be held on March 9-12 at Makuhari Messe in Chiba Prefecture. Various health-related foods, organic foods and dried fruits/nuts will be exhibited in the U.S. Pavilion. Various presentations and cooking demonstrations will be held at the “*Gochiso* (means “delicious feast” or “good food” in Japanese, depending on the situation) U.S.A. Presentation Theater” located inside the U.S. Pavilion. (f 3/4)
- *Premium Standard Farms*, the second largest pork meat packer in the U.S., plans to exhibit at Foodex 2004, which is to be held on March 9-12 at Makuhari Messe, Chiba Prefecture. (f 3/4)
- The winner of the 31st National Association for Specialty Food Trade (NASFT) award for excellence will be displayed at Foodex Japan 2004 along with many other gourmet products from the association’s members. NAFST will also have a large booth in the U.S. pavilion, featuring U.S. Specialty Food products. (f 3/4)
- Major Canadian food processor, *Maple Leaf Foods*, plans to introduce a trace-ability system using DNA, for its pork destined for Japan. *Maple Leaf* products account for about 45% of the total Canadian pork exported to Japan. (b 3/9)

☞ Sources ☞

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|----------------------------------|---|
| (a) The Japan Economic Newspaper | (b) The Nikkei Marketing Journal |
| (c) The Japan Food Journal | (d) The Beverage & Food News Commentary |
| (e) The Japan Food News | (f) The Food Industry News |

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